



Putting Canada First

AN ARCHITECTURE FOR AGRICULTURAL
POLICY IN THE 21ST CENTURY

THE AGRICULTURE AND AGRI-FOOD
SECTOR IS VITAL TO CANADA'S ECONOMIC
SUCCESS AND A KEY CONTRIBUTOR TO
THE HIGH QUALITY OF LIFE ENJOYED BY
CITIZENS ACROSS THE COUNTRY.

An Overview

The Government of Canada and the provincial and territorial governments are working with the agriculture and agri-food industry and interested Canadians to develop an architecture for agricultural policy for the 21st century. The objective is for Canada to be the world leader in food safety, innovation and environmentally-responsible production.

To realize this vision, governments have agreed in principle on an action plan for an agricultural policy framework composed of five elements: food safety and food quality, environment, science and innovation, renewal, and business risk management. The framework, which is based on the setting of common goals for each element, entails important benefits for the sector and ultimately the general public.

Accordingly, governments have launched a national dialogue about the policy direction with stakeholders and interested Canadians to develop the proposed policy approach. This **consultation** document is one of a series of publications dedicated to that end. To obtain additional information and contribute to this important dialogue, visit www.agr.gc.ca/puttingcanadafirst or call 1 800 O-Canada (1 800 622-6232).

The Current Situation— Challenges and Opportunities for Continued Prosperity

Canada's agriculture and agri-food sector is a key contributor to the high quality of life enjoyed by citizens across the country. It is also vital to our economic success, currently producing some eight per cent of our gross domestic product, and accounting for one in seven jobs nation-wide.

Global agriculture has experienced a radical transformation in the latter half of the 20th century and the pace of change will quicken in the years to come. Advances in technology and productivity improvements have led to a sustained, long-term decline in most commodity prices. Increased international competition has contributed to this decline, particularly in recent years.

Domestic support payments, particularly those in the United States and the European Union, also lower prices. More importantly, increased international competition will continue to push prices down, regardless of the level of government support. For example, in several major commodities, such as oilseeds, low-cost countries are expanding production and capturing global market share with low levels of government support.

To be successful in this environment, we must act to brand Canada as the world leader in food safety, innovation and environmentally-responsible production. It is no longer enough to be merely good in these areas. We must be the best and we must be the first. And we must work towards ensuring that the words "produced in Canada" are synonymous with excellence worldwide. Success will also be determined by the ability of governments and the industry to both adapt to and exploit today's market realities. While initiatives to these ends have been undertaken in several areas, it has not

been done comprehensively across the country as is envisioned under the proposed Agricultural Policy Framework (APF).

While the full implementation of the proposed APF would take several years, it is critical to move forward now so Canada can capture the benefits and opportunities that will go to the nation that moves first. It would also be important to ensure that the development and implementation of the framework complements efforts in other areas such as international trade negotiations.

A Framework for Success

In June 2001, the federal, provincial and territorial Ministers of Agriculture pledged to meet today's challenges by jointly developing "an agriculture policy that is comprehensive, integrated and ensures that farmers have the tools to address issues, be competitive and capture opportunities in the areas of science, food safety and environmental stewardship."

The goal of this policy is to foster an economic and social advantage for Canada to help ensure Canadian producers and agri-food companies not only meet these challenges, but capture the opportunities they present for continued prosperity.

To realize this shared vision, Ministers of Agriculture agreed that as they support the sector, their actions must follow certain principles:

- Approaches to policies and programs will be developed with input from industry and all other stakeholders.
- Governments will set common goals to secure the benefits of a consistent approach, recognizing the need for flexibility in how these goals will be reached.
- Governments will report to citizens regularly on their progress, in a consistent fashion across Canada.
- Funding for each main element of the framework will be stable and long-term.



Food Safety and Food Quality



Food safety has always been important to consumers, but recent high-profile events around the world have raised their awareness and expectations. In addition to food safety, consumers are increasingly knowledgeable and discerning in their food purchases and are demanding greater choice.

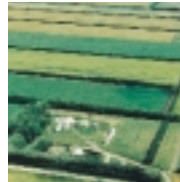
Many suppliers are developing systems that demonstrate to both existing and potential customers that their products meet the specifications demanded by consumers. At the same time, these suppliers are taking advantage of changing consumer preferences to gain new markets and develop niche markets with potential price premiums.

The proposed APF aims to build on these efforts and encourage all producers to take similar action. This will solidify Canada's reputation as a producer of safe, high-quality food. The objective is to protect human health by reducing exposure to food-borne hazards; increase consumer confidence in the safety and quality of foods sold in Canada and/or exported; and increase the sector's ability to meet or exceed market specifications for safety and quality.

The development of the proposed APF requires a set of common goals. Among the goals being considered for food safety and food quality are:

- to adopt recognized food safety and quality systems throughout the food continuum;
- to put in place comprehensive tracking and tracing systems throughout the food continuum in order to increase our capacity for targeted, effective responses to potential disease or contamination outbreaks, and to meet consumer preferences and commercial requirements; and
- to share critical food safety and surveillance information among governments.

Environment



Agriculture's long-term prosperity depends on its ability to co-exist sustainably with the natural environment. Farmers understand this well.

However, agriculture has undergone significant change in recent years in response to evolving market demands, new production technologies, and a shift towards larger, more intensive operations. While the full effects of these changes on the environment are not fully understood, recent studies show that some key pressures arising from agriculture, such as nutrient surpluses and emissions of greenhouse gases, have been increasing.

At the same time, public awareness and concern about these issues is growing. Canadians expect all economic sectors, including agriculture, to do their part to protect the environment. Canadian farmers recognize their responsibility as environmental stewards and are taking proactive measures.

The proposed Agricultural Policy Framework is being designed to achieve concrete improvement in the quality of the environment through coordinated action on all farms. The framework should increase and improve the use of environmental planning tools and management systems, enhance efficiency and performance, and secure the long-term sustainability of producers' operations. A better understanding of how agriculture and the environment interact, combined with improved systems, practices and technologies, would help improve the quality of our water, soil and air, and in biodiversity.

The development of the proposed APF requires a set of common goals. Among the goals being considered for environment are:

- to reduce water contamination from nutrients, pathogens and pesticides;
- to reduce agricultural risks to soil health and reduce soil erosion;
- to reduce particulate emissions, odours and greenhouse gases; and
- to ensure compatibility between biodiversity and agriculture.



Renewal



Traditionally, many of the skills needed to operate a farm were passed from generation to generation in what was, in effect, an informal apprenticeship. This method, complemented by some ongoing learning, worked reasonably well in the past.

However, farm operations have become larger and more complex. Today's farmers need, and many are increasingly making, a lifelong commitment to ongoing learning and to mastering innovative technologies, products and practices. As their operations grow, farmers are expending more effort to manage financial and human resources and to make strategic decisions on both long-term directions and immediate issues. To deal with rising market demands around environmental and food safety, they may also need to upgrade and combine their technical and management skills. And the quickening pace of change means that many farm businesses must be re-tooled, which involves major decisions about accessing capital and using it wisely.

The aim of renewal within the proposed Agricultural Policy Framework would be to help all farmers—new and established—assess their situations and options, and acquire the skills and resources needed for success in 21st century agriculture.

The development of the proposed APF requires a set of common goals. Among the goals being considered for renewal are:

- to enable beginning farmers to acquire the skills and expertise to manage their business and adapt to evolving consumer preferences and new scientific advances;

- to engage farmers in the continuous upgrading of the skills needed to farm in an evolving sector;
- to provide farmers with the strategic management skills they need to make their farms as profitable as possible; and
- to provide farmers with access to a wide range of choices to enhance their future quality of life.

Science and Innovation



Science and technology has profoundly changed the agriculture and agri-food sector. Today's rapid pace of scientific discovery, and technological advances is increasing the opportunities presented by the bioeconomy. These developments are

leading to greater convergence between once distinct businesses, from agriculture and food to chemicals to health care and pharmaceuticals.

This convergence of disciplines and the accelerated pace of research has the potential to create new products and farming practices. New innovations should help to increase income through the diversification of farm businesses, move consumption from non-renewable to renewable resources, address environmental concerns, and protect human health through improvements in food safety.

To remain as a world leader, the agriculture and agri-food sector must remain at the forefront of science and innovation. The Agricultural Policy Framework aims to capitalize on Canada's research and innovation potential to create economic opportunities for the sector and make significant progress towards the priorities of Canadians—including environmental stewardship and food safety. The development of the proposed APF, requires a set of common goals. Among the goals being considered for science and innovation are to support and increase:

- research and development in environment, food safety and food quality, renewal and risk management;
- the adoption of new economic opportunities generated from innovative agriculturally-based products; and
- collaboration and coordination across market, policy and scientific disciplines, among research organizations, and throughout the agri-food production and processing chain.

Business Risk Management



Farmers have always faced various risks to their incomes, such as the forces of nature (e.g. drought, hail, insects), the politics of international trade, and variations in markets (e.g. price swings). Governments have long

helped farmers deal with these risks through a number of programs designed to minimize the impact of fluctuations on farm incomes.

The nature and scope of the risks that farmers face, however, has become much more complex. Today, farmers must protect their operations from the threat of exotic pests and fast-moving diseases, or the liability from a potential environmental or food safety incident. At the same time, they face growing international competition and rapidly evolving consumer preferences.

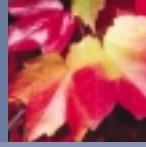
In this context, governments must work towards providing tools to farmers that are still effective. That is why the federal, provincial and territorial governments have worked together to evaluate how well Canada's farm safety net programs are working in today's environment. This evaluation has shown that our safety nets have been relatively successful in achieving their historical purpose of stabilizing farm incomes. However, there is concern that they are not sufficiently focused to enhance growth in the current environment.

One of the goals of the proposed Agricultural Policy Framework is to move from safety nets towards risk management. This means that programming will be focused on growth and improving income prospects. It also means taking a comprehensive approach to risk management that encourages farmers to make decisions to manage risk and to improve the viability of their farm through change and innovation.

A new approach could draw on the particular strengths of current programs: the whole farm concept of the Net Income Stabilization Account (NISA) and the Canadian Farm Income Program (CFIP); the income disaster coverage of Crop Insurance and CFIP; and the insurance aspect of Crop Insurance. At the same time, this approach could learn from the weaknesses of current programming: the absence of long-term planning tools, and the lack of incentives to adopt business strategies and private-sector tools that would strengthen farm operations.

Natural factors can sometimes cause serious asset losses for farmers which can be partly covered by government programs or private insurance instruments, but it takes time to replace the assets and begin earning income from those assets again. A new approach could also provide coverage for the risk of income loss due to business interruption.

Business risk management programming is a critical foundation of the Agricultural Policy Framework. It should promote more rapid adoption of the food safety and environmental practices supported by the other elements of the framework, the expansion and diversification of the farm business through new applications of science, and the enhancement of managerial and strategic planning skills made possible through renewal.



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1 800 O-CANADA (1 800 622-6232)

Conclusion

Putting the Canadian agriculture and agri-food sector first requires a national vision and a national partnership. Governments and industry moving forward collectively to integrate all elements of the proposed APF would enable us to brand Canada as the world leader in:

- the production of safe food in an environmentally-responsible manner;
- meeting and exceeding diverse market specifications for quality; and
- innovation throughout the agri-food value chain so that investors and customers can be confident in Canada's ability to succeed today and into the future.

Branding Canada as the world leader in these areas will contribute to the continued growth and increased prosperity of the Canadian agriculture and agri-food sector by capturing new markets and customers.

To learn more about this Federal-Provincial-Territorial initiative, contact:
www.agr.gc.ca/puttingcanadafirst or 1 800 O-Canada (1 800 622-6232).